

**TWENTY-SIXTH JUDICIAL DISTRICT COURT
DRUG COURT FUND
Bossier and Webster Parishes
State of Louisiana**

ANNUAL FINANCIAL REPORT

JUNE 30, 2014

TWENTY-SIXTH JUDICIAL DISTRICT COURT
 DRUG COURT FUND
 Bossier and Webster Parishes
 State of Louisiana
 Annual Financial Report
 Year Ended June 30, 2014

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TWENTY-SIXTH JUDICIAL DISTRICT COURT
DRUG COURT FUND
Bossier and Webster Parishes
State of Louisiana
Annual Financial Report
Year Ended June 30, 2014

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JAMIESON, WISE & MARTIN

A Professional Accounting Corporation

601 Main Street P. O. Box 897
Minden, Louisiana 71058-0897
(318) 377-3171 Fax (318) 377-3177

MICHAEL W. WISE, CPA Email mike@jwmcpa.biz
CARLOS E. MARTIN, CPA Email carlos@jwmcpa.biz
KRISTINE H. COLE, CPA Email kristine@jwmcpa.biz

JENNIFER SMITH, CPA Email jennifer@jwmcpa.biz
KRISTIE K. MARTIN, CPA Email kristie@jwmcpa.biz

WM. PEARCE JAMIESON, CPA (1991)

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

The Honorable Judges of the Twenty-Sixth
Judicial District Court – Drug Court Fund
Bossier and Webster Parishes, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Twenty-Sixth Judicial District Court – Drug Court Fund (the “Drug Court”), component unit of Bossier and Webster Parishes, Louisiana, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Drug Court’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Drug Court’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Drug Court’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Twenty-Sixth Judicial District Court - Drug Court Fund as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

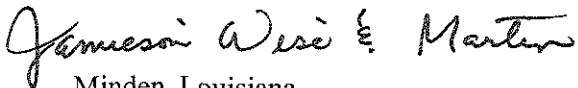
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-7 and on pages 24-26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Twenty-Sixth Judicial District Court – Drug Court Fund's basic financial statements. The accompanying other information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 11, 2014, on our consideration of the Twenty-Sixth Judicial District Court – Drug Court Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Twenty-Sixth Judicial District Court – Drug Court Fund's internal control over financial reporting and compliance.



Minden, Louisiana
December 11, 2014

TWENTY-SIXTH JUDICIAL DISTRICT COURT
BOSSIER AND WEBSTER PARISHES



SUZANNE H. STINSON
COURT ADMINISTRATOR
(318) 965-2217

P.O. Box 310
BENTON, LOUISIANA 71006
FAX (318) 965-3765

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis (MD&A) of the Twenty-Sixth Judicial District Court – Drug Court Fund provides an overview of the Drug Court's financial activities for the fiscal year ended June 30, 2014, in an easily readable analysis. Please read it in conjunction with our financial statements, which begin on page 9.

The MD&A is an element of the required supplementary information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued in June 1999. Certain comparative information between the current year and prior year is required to be presented in the MD&A.

The Drug Court is the responsibility of the Judges of the Twenty-Sixth Judicial District Court. The Drug Court is administered by the presiding Judge, as well as the Drug Court Coordinator, who is an employee of the Bossier Parish Police Jury.

FINANCIAL HIGHLIGHTS

- The net position of the Drug Court Fund at the close of June 30, 2014, was \$65,364, of which \$13,858 is invested in capital assets. The remainder is considered unrestricted and may be used for any lawful purpose of the fund. Total net position decreased 16% from last year.
- During the year ended June 30, 2014, the governmental funds of the Adult and Juvenile Drug Courts had total expenditures of \$322,941 and \$223,281, respectively.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 9 & 10) provide information about the activities of the Drug Court as a whole and present a longer-term view of the Drug Court's finances. Fund financial statements tell how governmental activities were financed in the short term as well as what remains for future spending. Fund financial statements also report the Drug Court's operations in more detail than the government-wide statements by providing information about all the Drug Court's governmental funds.

These financial statements consist of three sections: Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

Reporting the Twenty-Sixth Judicial District, Drug Court Fund as a Whole

The Statement of Net Position and the Statement of Activities

Our analysis of the Drug Court as a whole begins on page 9. One of the most important questions asked about the Drug Court's finances is, "Is the Drug Court as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Drug Court as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting* which is similar to the format used by most private-sector businesses. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Drug Court's *net position* and changes in them. One could think of net position — the difference between assets and liabilities — as a measurement of financial health, or *financial position*. Over time, *increases* and *decreases* in the Drug Court's net position indicate whether the Drug Court's *financial health* is improving or deteriorating. One should also consider non-financial factors, however, such as changes in the number of Drug Court participants, to assess the overall health of the Drug Court.

Currently, the Drug Court has governmental funds that provide for personnel, equipment, supplies, treatment, testing, and other costs related to the proper administration of the Drug Court for both Adults and Juveniles. Primarily, grants from the Louisiana Supreme Court finance the operations of each program.

Reporting the Funds of the Twenty-Sixth Judicial District Court – Drug Court Fund

Fund Financial Statements

Our analysis of the major funds maintained by the Drug Court begins on page 11. The fund financial statements provide detailed information about the specific activities of the significant Drug Court Funds maintained by the Court, not the Court as a whole. The Adult Drug Court and the Juvenile Drug Court are considered to be major funds. The Court adopts an annual budget for both funds. These specific funds are established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations.

The Drug Court's *governmental funds* use the following accounting approaches:

Governmental funds — All of the Drug Court's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the *modified accrual* accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Drug Court's general government operations and the expenses paid from those funds. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Drug Court's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in a reconciliation following the fund financial statements.

THE TWENTY-SIXTH JUDICIAL DISTRICT COURT - DRUG COURT FUND AS A WHOLE

Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Drug Court's governmental activities

Table 1
Net Position

	<u>Governmental Activities</u>	
	<u>2014</u>	<u>2013</u>
Current and other assets	\$ 107,558	\$ 111,122
Capital assets	<u>13,858</u>	<u>21,935</u>
Total assets	<u>121,416</u>	<u>133,057</u>
Other liabilities	11,052	9,980
Long-term liabilities	<u>45,000</u>	<u>45,000</u>
Total liabilities	<u>56,052</u>	<u>54,980</u>
Net Position:		
Invested in capital assets	13,858	21,935
Unrestricted	<u>51,506</u>	<u>56,142</u>
Total net position	\$ <u>65,364</u>	\$ <u>78,077</u>

The Drug Court's total net position changed from the prior year, decreasing by \$12,713 or 16%.

Table 2
Change in Net Position

	<u>Governmental Activities</u>	
	<u>2014</u>	<u>2013</u>
Revenues:		
Program revenues		
Charges for services	\$ 22,940	\$ 25,791
Operating grants	<u>519,912</u>	<u>551,028</u>
Total revenues	<u>542,852</u>	<u>576,819</u>
Expenses:		
Adult Drug Court	331,376	323,779
Juvenile Drug Court	<u>224,189</u>	<u>257,819</u>
Total expenses	<u>555,565</u>	<u>581,598</u>
Increase (decrease) in net position	\$ <u>(12,713)</u>	\$ <u>(4,779)</u>

Comparing this year's activity to last year reveals a similar decrease in net position.

The overall revenues decreased in comparison to last year. The Drug Court's major source of funding comes from the Louisiana Supreme Court. Each year, the Louisiana Supreme Court will award a specific number of treatment slots to the Drug Court. While the dollar amount per treatment slot has increased, the overall number of treatment slots awarded to the Drug Court decreased. In the prior year, the Drug Court was funded for 46 and 65 treatment slots for the juveniles and adults, respectively. In the current year, the Drug Court was funded for 30 and 59 treatments slots for juveniles and adults, respectively.

Expenses decreased compared with last year due to the decrease in funding available.

THE DRUG COURT'S FUNDS

As the Drug Court completed the year, its governmental funds (as presented in the balance sheet on page 11) reported a fund balance of \$82,372, which is a \$3,370 decrease over the prior fiscal year's fund balance of \$85,743.

While revenues and expenditures for operating adult drug court was comparable to last year, the revenues and expenditures for operating the juvenile drug court decreased by 13% and 14%, respectively.

General Fund Budgetary Highlights

The Drug Court prepared a budget for both the Adult and Juvenile Drug Court Funds for the year ended June 30, 2014. The budgets were submitted for approval to the Louisiana Supreme Court. The budgets were then adjusted according to grant award, and a final budget was prepared for the end of the fiscal year. There was no other formal budget adopted by the Drug Court. The budgetary comparison is presented as required supplementary information and shown on pages 24-25.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2014, the Drug Court had invested \$13,858 in capital assets (see table 3 below).

Table 3
Capital Assets At Year End
(Net of Depreciation)

	<u>Governmental activities</u>	
	<u>2014</u>	<u>2013</u>
Office equipment	\$ 19,680	\$ 19,680
Drug testing equipment	<u>40,000</u>	<u>40,000</u>
Total capital assets	59,680	59,680
Less: accumulated depreciation	<u>(45,822)</u>	<u>(37,745)</u>
Net capital assets	\$ <u>13,858</u>	\$ <u>21,935</u>

Depreciation for the year was \$8,077. More detailed information about the capital assets is presented in Note D to the financial statements.

DEBT

At June 30, 2014, the Drug Court had no outstanding bonded debt. More detailed information about the debt is presented in Note E to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

Court operations are funded extensively by grants from the Louisiana Supreme Court. The Twenty-Sixth Judicial District Court - Drug Court Fund does not expect significant changes in next year's results as compared to the current year. The number of participants dictates the level of funding to be received. For the fiscal year 2014-2015, the Court received a budget award for the Juvenile and Adult Program of \$172,500 and \$295,000, respectively. The awards are set to cover 25 juvenile and 65 adult participants.

CONTACTING THE TWENTY-SIXTH JUDICIAL DISTRICT COURT DRUG COURT FUND'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the Drug Court's finances for those funds maintained by the Drug Court and to show the Drug Court's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Suzanne H. Stinson, Court Administrator, at P.O. Box 310, Benton, Louisiana, 71006.

BASIC FINANCIAL STATEMENTS

**TWENTY-SIXTH JUDICIAL DISTRICT COURT
DRUG COURT FUND
Bossier and Webster Parishes
State of Louisiana**

**Statement of Net Position
June 30, 2014**

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash	\$ 55,308
Due from other governments	38,116
Prepaid insurance	14,134
Non-current assets:	
Capital assets (net)	<u>13,858</u>
Total assets	<u>\$ 121,416</u>
LIABILITIES	
Current liabilities:	
Accounts payable	<u>\$ 11,052</u>
Noncurrent liabilities:	
Due to other governments	<u>45,000</u>
Total liabilities	<u>\$ 56,052</u>
NET POSITION	
Invested in capital assets	\$ 13,858
Unrestricted	<u>51,506</u>
Total net position	<u>\$ 65,364</u>

The accompanying notes are an integral part of this statement.

**TWENTY-SIXTH JUDICIAL DISTRICT COURT
DRUG COURT FUND
Bossier and Webster Parishes
State of Louisiana**

**Statement of Activities
For the Year Ended June 30, 2014**

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Expenses) Revenue Governmental Activities</u>
Governmental activities				
General government:				
Adult Court	\$ 331,376	\$ 22,940	\$ 294,978	\$ (13,458)
Juvenile Court	224,189	-	224,934	745
Total governmental activities	<u>\$ 555,565</u>	<u>\$ 22,940</u>	<u>\$ 519,912</u>	<u>\$ (12,713)</u>
Change in net position				(12,713)
Net position-beginning				78,077
Net position-ending				<u>\$ 65,364</u>

The accompanying notes are an integral part of this statement.

**TWENTY-SIXTH JUDICIAL DISTRICT COURT
DRUG COURT FUND
Bossier and Webster Parishes
State of Louisiana**

**Balance Sheet - Governmental Funds
June 30, 2014**

	Adult Court Fund	Juvenile Court Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 26,435	\$ 28,873	\$ 55,308
Due from other governments	<u>26,984</u>	<u>11,132</u>	<u>38,116</u>
Total assets	<u>\$ 53,419</u>	<u>\$ 40,005</u>	<u>\$ 93,424</u>
LIABILITIES			
Accounts payable	\$ 8,219	\$ 2,833	\$ 11,052
Total liabilities	<u>8,219</u>	<u>2,833</u>	<u>11,052</u>
FUND BALANCES			
Assigned	<u>45,200</u>	<u>37,172</u>	<u>82,372</u>
Total fund balance	<u>45,200</u>	<u>37,172</u>	<u>82,372</u>
Total liabilities and fund balances	<u>\$ 53,419</u>	<u>\$ 40,005</u>	<u>\$ 93,424</u>

The accompanying notes are an integral part of this statement.

**TWENTY-SIXTH JUDICIAL DISTRICT COURT
DRUG COURT FUND
Bossier and Webster Parishes
State of Louisiana**

**Reconciliation of the Balance Sheet of the Governmental Funds
to the Statement of Net Position
June 30, 2014**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund Balances, Total Governmental Funds (Statement C)	\$ 82,372
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds (A)	13,858
Other assets used in governmental activities that are not financial resources and, therefore, are not reported in the governmental funds	14,134
Long-term liabilities not due and payable in the current period, and therefore, are not reported in the governmental funds	<u>(45,000)</u>
Net Position of Governmental Activities (Statement A)	<u>\$ 65,364</u>

The accompanying notes are an integral part of this statement.

**TWENTY-SIXTH JUDICIAL DISTRICT COURT
DRUG COURT FUND
Bossier and Webster Parishes
State of Louisiana**

**Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2014**

	Adult Court Fund	Juvenile Court Fund	Total Governmental Funds
REVENUES			
Charges for services	\$ 22,940	\$ -	\$ 22,940
Intergovernmental revenues	294,978	224,934	519,912
Total revenues	<u>317,918</u>	<u>224,934</u>	<u>542,852</u>
EXPENDITURES			
General government			
Personnel service & benefits	253,324	154,833	408,157
Travel, seminars, & conferences	6,267	2,941	9,208
Operating expense	43,911	50,118	94,029
Treatment expense	1,040	2,098	3,138
Testing and lab expense	18,272	13,164	31,436
Fees expended	127	127	254
Total expenditures	<u>322,941</u>	<u>223,281</u>	<u>546,222</u>
Net change in fund balances	(5,023)	1,653	(3,370)
Fund balance - beginning of year	<u>50,223</u>	<u>35,519</u>	<u>85,742</u>
Fund balance - end of year	<u>\$ 45,200</u>	<u>\$ 37,172</u>	<u>\$ 82,372</u>

The accompanying notes are an integral part of this statement.

**TWENTY-SIXTH JUDICIAL DISTRICT COURT
DRUG COURT FUND
Bossier and Webster Parishes
State of Louisiana**

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
June 30, 2014**

Amounts reported for government activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total Governmental Funds (Statement E)	\$ (3,370)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period	(8,077)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	<u>(1,266)</u>
Change in Net Position of Governmental Activities (Statement B)	<u>\$ (12,713)</u>

The accompanying notes are an integral part of this statement.

TWENTY-SIXTH JUDICIAL DISTRICT COURT
DRUG COURT FUND
Bossier and Webster Parishes
State of Louisiana

Notes to the Financial Statements
June 30, 2014

INTRODUCTION

The Twenty-Sixth Judicial District Court – Drug Court Fund was established under Louisiana Revised Statutes 13:5301 through 5304, which provides “for drug and alcohol treatment programs through drug divisions to be operated by the district courts,” as stated in enactment of Chapter 33 of Title 13. It further states that the purpose of the Drug Court is “to reduce the incidence of alcohol and drug use, alcohol and drug addiction, and crimes committed as a result of alcohol and drug use and alcohol and drug addiction.”

The Drug Court Fund is administered by the judges, en banc, of the Twenty-Sixth Judicial District and by the Drug Court Coordinator, who is an employee of the Bossier Parish Police Jury. The monies of the Twenty-Sixth Judicial District Court Drug Court Fund may be expended for those expenditures deemed necessary for the proper operation of each program.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying basic financial statements of the Twenty-Sixth Judicial District Court - Drug Court Fund (DCF) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

As the governing authority of the consolidated government, the Parishes of Bossier and Webster are the financial reporting entities for the consolidated government. In compliance with the provisions of GASB No. 14, *The Financial Reporting Entity*, the financial reporting entities are the primary governments, including any component unit to which either of the Parishes appoints a voting majority of the unit’s board, the Parish is either able to impose its will on the unit or a financial benefit or burden relationship exists.

The Drug Court Fund (DCF) is under the oversight of the district court system, which is fiscally dependent on the two Parishes. The Parishes provide directly to the court office space, court rooms, personnel services, and other supplies and services. The nature of the relationship between the DCF and the district court and the Parishes is significant. Therefore, the DCF is a component unit of both Bossier Parish and Webster Parish, the financial reporting entities. The accompanying financial statements present information only on the DCF maintained by the Twenty-Sixth Judicial District Court and do not present any other information on the District Court or the Parishes, the general government services provided by those government units, or on the other governmental units that comprise the financial reporting entities.

TWENTY-SIXTH JUDICIAL DISTRICT COURT
DRUG COURT FUND
Bossier and Webster Parishes
State of Louisiana

Notes to the Financial Statements
June 30, 2014

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basic Financial Statements

The Drug Court's basic financial statements include both government-wide (reporting the funds maintained by the Drug Court as a whole) and fund financial statements (reporting the major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. All of the Drug Court's activities are categorized as governmental activities. The Drug Court does not have any business-type activities.

Government-wide Financial Statements

In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Drug Court's net position is reported in two parts - invested in capital assets, net of related debt and unrestricted net position.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

The financial transactions of the Drug Court Fund are recorded in individual funds in the fund financial statements. Each function is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various functions are reported by generic classification within the financial statements.

Only the governmental fund type is used by the Drug Court Fund. The focus of the governmental funds' measurement is upon determination of financial position and changes in financial position (sources, uses, and balances of financials resources) rather than upon net income.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe *which* transactions are recorded within the various financial statements. Basis of accounting refers to *when* transactions are recorded, regardless of the measurement focus applied.

TWENTY-SIXTH JUDICIAL DISTRICT COURT
DRUG COURT FUND
Bossier and Webster Parishes
State of Louisiana

Notes to the Financial Statements
June 30, 2014

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred.

The Drug Court funds reports the following governmental funds:

- *Adult Drug Court Fund* – This fund accounts for all operations and activities of the Adult Drug Court.
- *Juvenile Drug Court Fund* – This fund accounts for all the operations and activities of the Juvenile Drug Court.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues.

When both restricted and unrestricted resources are available for use, it is the entity's policy to use restricted resources first, then unrestricted resources as they are needed.

TWENTY-SIXTH JUDICIAL DISTRICT COURT
DRUG COURT FUND
Bossier and Webster Parishes
State of Louisiana

Notes to the Financial Statements
June 30, 2014

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Statement Amounts

Cash and cash equivalents – Cash includes all demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Cash and cash equivalents are reported at their carrying amounts, which equal their fair market values.

Receivables – In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. No allowance for uncollectible accounts receivable is established, since all receivables are determined to be 100% collectible. Major receivable balances for governmental activities include amounts due from Louisiana Supreme Court grants for reimbursement of eligible drug court expenses.

Receivables are included in the fund financial statements if they are both measurable and available.

Capital Assets – In the government-wide financial statements, capital assets purchased or acquired with an original cost of \$2,500 or more are reported at historical cost. If the asset was donated, it is recorded at its estimated fair market value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is recorded on a straight-line basis over the following estimated useful lives:

Vehicles	3-5 years
Equipment	5-7 years

In the fund financial statements, fixed assets are accounted for as capital outlay expenditures of the fund upon acquisition. Capital assets reported herein include only those assets purchased by the Drug Court or donated to the Drug Court and do not reflect assets of the court obtained from other sources.

Revenues – Substantially all government fund revenues are accrued. Those revenues primarily include grants from the Louisiana Supreme Court. Other revenues are fees collected from the participants for probation and drug screening. These revenues are recorded in the fiscal year they are collected by the Drug Court.

Expenditures – Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Major expenditures for the Drug Court are testing and treatment expenses, office expenses (which include any necessary expenses for the operation of the Drug Court), and salaries.

TWENTY-SIXTH JUDICIAL DISTRICT COURT
DRUG COURT FUND
Bossier and Webster Parishes
State of Louisiana

Notes to the Financial Statements
June 30, 2014

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets and Budgetary Accounting

The Twenty-Sixth Judicial District – Drug Court Fund annually prepares a budget prior to the end of the current fiscal year and submits it to the Louisiana Supreme Court for approval. The budget is prepared using generally accepted accounting principles. From time to time the budget is amended. This can only be done with the approval of the Louisiana Supreme Court.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

B. CASH, CASH EQUIVALENTS AND INVESTMENTS

At June 30, 2014, the Twenty-Sixth Judicial District Court – Drug Court Fund had cash and cash equivalents as shown below:

	Book <u>Balance</u>	Bank <u>Balance</u>
Non-interest bearing deposits	\$ <u>55,308</u>	\$ <u>58,863</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times be equal to or greater than the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2014, the Twenty-Sixth Judicial District Court – Drug Court Fund had \$58,863 in bank balances. These deposits are secured from risk by \$58,863 of federal deposit insurance.

C. RECEIVABLES

Receivables as of June 30, 2014, are primarily composed of amounts due from the Louisiana Supreme Court for reimbursement of program expenses. There is generally no allowance for doubtful accounts since all receivables are deemed collectible.

TWENTY-SIXTH JUDICIAL DISTRICT COURT
 DRUG COURT FUND
 Bossier and Webster Parishes
 State of Louisiana

Notes to the Financial Statements
 June 30, 2014

D. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 is as follows:

	Balance June 30, <u>2013</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2014</u>
Office equipment	\$ 19,680	\$ -	\$ -	\$ 19,680
Drug testing equipment	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>40,000</u>
Totals	<u>59,680</u>	<u>-</u>	<u>-</u>	<u>59,680</u>
Accumulated depreciation				
Office equipment	13,732	1,682	-	15,414
Drug testing equipment	<u>24,013</u>	<u>6,395</u>	<u>-</u>	<u>30,408</u>
Totals	<u>37,745</u>	<u>8,077</u>	<u>-</u>	<u>45,822</u>
Capital assets, net	\$ <u>21,935</u>	\$ <u>(8,077)</u>	\$ <u>-</u>	\$ <u>13,858</u>

Depreciation expense of \$8,077 was charged to general government as of June 30, 2014.

E. LONG-TERM DEBT

As of June 30, 2014, the Drug Court had no governmental long-term debt.

All of the employees of the Drug Court are considered employees of the Bossier Parish Police Juries. Per office policy, there are no accumulated and vested benefits relating to annual and sick leave.

See Note L on arrangement with other governments.

F. FUND EQUITY CLASSIFICATIONS

The Drug Court implemented the provisions of Governmental Accounting Standards Board Statement 54, which redefined how fund balances are presented in the fund financial statements. In the fund financial statements, fund balances are classified as follows:

Nonspendable - Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of state or federal laws, or externally-imposed conditions by grantors or creditors.

Committed - Amounts that can only be used for specific purposes determined by a formal action of the Court. These amounts cannot be used for any other purpose unless the Court removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed.

TWENTY-SIXTH JUDICIAL DISTRICT COURT
DRUG COURT FUND
Bossier and Webster Parishes
State of Louisiana

Notes to the Financial Statements
June 30, 2014

F. FUND EQUITY CLASSIFICATIONS (continued)

Assigned - Amounts that are designated as committed by the Court but are not spendable until a budget ordinance is passed.

Unassigned - All amounts not included in other spendable classifications.

The Court has not adopted a policy to maintain the General Fund's unassigned fund balance above a certain minimum level.

G. SALARY EXPENDITURES

The Parishes administer the payroll for all Drug Court employees, excluding the judges. The Drug Court reimburses the Bossier Parish Police Jury for the salaries and related fringe benefits of all court employees, including the Drug Court Coordinator and counselors on staff. The amounts included in the accompanying financial statements are the actual salary expenditures of the Drug Court.

H. PENSION PLAN

All of the Drug Court's employees are considered employees of the Bossier Parish Police Jury, and accordingly, are enrolled by the respective Police Juries as members of Plan A of the Parochial Employees Retirement System of Louisiana ("System"), a multiple-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. The Police Jury and the Drug Court Fund do not guarantee any of the benefits granted by the System.

I. LEASES

The Drug Court Fund leases office space under operating leases. Rental costs for the year ended June 30, 2014, were \$5,500. There are no commitments under lease agreements having terms in excess of a year.

J. LITIGATION

The 26th Judicial District Court, Drug Court Fund is not involved in any litigation as of June 30, 2014, nor is it aware of any unasserted claims.

K. ARRANGEMENTS WITH PARISH GOVERNMENTS

The drug court office spaces, including utilities and certain office equipment and furniture, are furnished by the Bossier Parish Policy Jury free of charge.

TWENTY-SIXTH JUDICIAL DISTRICT COURT
DRUG COURT FUND
Bossier and Webster Parishes
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Notes to the Financial Statements
June 30, 2014

L. ARRANGEMENTS WITH OTHER GOVERNMENTS

The Drug Court has an agreement with the Twenty-Sixth Judicial District Court to pay a monthly fee of \$1,500 for bookkeeping services. During the year, a total of \$18,000 was paid to the Twenty-sixth Judicial District Court, Judicial Expense Fund.

In December 2010, the Twenty-Sixth Judicial Expense Fund decided to discontinue the monthly transfers and made available a one-time amount of \$45,000 to assist the Drug Court in meeting its cash flow deficiency created by having to cover its monthly payroll expenses on a timely basis as requested by the Bossier Parish Police Jury. The \$45,000 is shown as a payable to other governments on the Statement of Net Position.

M. DEFICIT FUND BALANCE

There were no deficit fund balances for the year ended June 30, 2014.

REQUIRED SUPPLEMENTAL INFORMATION (PART II)

**TWENTY-SIXTH JUDICIAL DISTRICT COURT
DRUG COURT FUND
Bossier and Webster Parishes
State of Louisiana**

**Budgetary Comparison Schedule
Adult Drug Court Fund
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget Favorable (Unfavorable)
REVENUES (inflows)				
Charges for services	\$ 29,520	\$ 29,520	\$ 22,940	\$ (6,580)
Operating grants	<u>300,000</u>	<u>294,979</u>	<u>294,978</u>	<u>(1)</u>
Total revenues	<u>329,520</u>	<u>324,499</u>	<u>317,918</u>	<u>(6,581)</u>
EXPENDITURES (outflows)				
General government	<u>300,000</u>	<u>294,979</u>	<u>322,941</u>	<u>(27,962)</u>
Total expenditures	<u>300,000</u>	<u>294,979</u>	<u>322,941</u>	<u>(27,962)</u>
Net change in fund balances	29,520	29,520	(5,023)	(34,543)
Fund balance at beginning of year	<u>50,223</u>	<u>50,223</u>	<u>50,223</u>	<u>-</u>
Fund balance at end of year	<u>\$ 79,743</u>	<u>\$ 79,743</u>	<u>\$ 45,200</u>	<u>\$ (34,543)</u>

See accompanying note to budgetary comparison schedule.

**TWENTY-SIXTH JUDICIAL DISTRICT COURT
DRUG COURT FUND
Bossier and Webster Parishes
State of Louisiana**

**Budgetary Comparison Schedule
Juvenile Drug Court Fund
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Amounts	
REVENUES (inflows)				
Charges for services	\$ 2,460	\$ 2,460	\$ -	\$ (2,460)
Operating grants	225,000	224,934	224,934	-
Total revenues	227,460	227,394	224,934	(2,460)
EXPENDITURES (outflows)				
General government	225,000	224,934	223,281	1,653
Total expenditures	225,000	224,934	223,281	1,653
Net change in fund balances	2,460	2,460	1,653	(807)
Fund balance at beginning of year	35,519	35,519	35,519	-
Fund balance at end of year	\$ 37,979	\$ 37,979	\$ 37,172	\$ (807)

See accompanying note to budgetary comparison schedule.

TWENTY-SIXTH JUDICIAL DISTRICT COURT
DRUG COURT FUND
Bossier and Webster Parishes
State of Louisiana

*Notes to Required Supplementary Information
on Budgetary Accounting and Control
June 30, 2014*

BUDGETARY ACCOUNTING AND CONTROL

The Twenty-Sixth Judicial District Court – Drug Court Fund annually prepares a budget prior to the end of the current fiscal year and submits it to the Louisiana Supreme Court for approval. The budget is prepared using generally accepted accounting principles. From time to time the budget is amended. This can only be done with the approval of the Louisiana Supreme Court.

It was determined that the Twenty-Sixth Judicial District Court – Drug Court Fund was not subject to the requirements of the Local Government Budget Act, found in Louisiana Revised Statutes 39:1301-1315.

OTHER REPORTS

JAMIESON, WISE & MARTIN
A Professional Accounting Corporation

601 Main Street P. O. Box 897
Minden, Louisiana 71058-0897
(319) 377-3171 Fax (318) 377-3177

MICHAEL W. WISE, CPA Email mike@iwmcpa.biz
CARLOS E. MARTIN, CPA Email carlos@iwmcpa.biz
KRISTINE H. COLE, CPA Email kristine@iwmcpa.biz

JENNIFER SMITH, CPA Email jennifer@iwmcpa.biz
KRISTIE K. MARTIN, CPA Email kristie@iwmcpa.biz

WM. PEARCE JAMIESON, CPA (1991)

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Honorable Judges of the Twenty-Sixth
Judicial District Court – Drug Court Fund
Minden, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Twenty-Sixth Judicial District Court – Drug Court Fund as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Twenty-Sixth Judicial District Court – Drug Court Fund's basic financial statements and have issued our report thereon dated December 11, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Twenty-Sixth Judicial District Court – Drug Court Fund's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Twenty-Sixth Judicial District Court – Drug Court Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Twenty-Sixth Judicial District Court – Drug Court Fund's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the fund's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Twenty-Sixth Judicial District Court – Drug Court Fund’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the fund’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the fund’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended purpose of these reports is limited, under Louisiana Revised Statutes 24:513, this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.



Minden, Louisiana
December 11, 2014

OTHER INFORMATION

TWENTY-SIXTH JUDICIAL DISTRICT COURT
DRUG COURT FUND
Bossier and Webster Parishes
State of Louisiana

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2014

The following is a summary of the status of the prior year audit findings included in the Jamieson Wise & Martin, APAC audit report dated December 10, 2013 in connection with the audit of the financial statements of the Twenty-sixth Judicial District – Drug Court Fund as of and for the year ended June 30, 2013.

The results of our auditing procedures of the basic financial statements as of and for the year ended June 30, 2013, of the *Twenty-Sixth Judicial District Court – Drug Court Fund* disclosed no items that are required to be reported in accordance with Government Auditing Standards.

TWENTY-SIXTH JUDICIAL DISTRICT COURT
DRUG COURT FUND
Bossier and Webster Parishes
State of Louisiana

SCHEDULE OF CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2014

We have audited the basic financial statements of the Twenty-Sixth Judicial District Court Drug Court Fund as of and for the year ended June 30, 2014, and have issued our report thereon dated December 11, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2014 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ☐ Yes ☒ No

Significant Deficiencies ☐ Yes ☒ No

Compliance

Compliance Material to Financial Statements ☐ Yes ☒ No

Was a management letter issued? ☐ Yes ☒ No

Section II Financial Statement Findings

The results of our auditing procedures of the basic financial statements as of and for the year ended June 30, 2014, of the Twenty-Sixth Judicial District Court – Drug Court Fund disclosed no items that are required to be reported in accordance with *Government Auditing Standards*.